

ADDENDUM 4 (September 3, 2014) RFP 758 1500000003-5

- To Post the Prevailing Wage Schedule for the NG-KIH project. See Appendices 1-36 that Represent County Groupings and the Prevailing Wage.

ADDENDUM 3 (August 13, 2014) RFP 758 1500000003-4

- To Revise Section 1, Item 9, Estimated Schedule of RFP Activities
- To Add Attachment J - Commonwealth's Response to Vendors' 2nd Set of Written Questions
- To Add Attachment K – Segment A to Z Addresses

ADDENDUM 2 (August 1, 2014) RFP 758 1500000003-3

- To Revise Section 1, Item 9, Estimated Schedule of RFP Activities
- To Revise Section 3, Item 2, Privacy, Confidentiality and Ownership of Information
- To Revise Section 3, Item 3, Identity Theft Prevention and Reporting Requirements
- To Revise Section 4, Item 1, Procurement Requirements
- To Revise Section 4, Item 11, Assignment
- To Revise Section 4, Item 18, Advertising Award
- To Revise Section 4, Item 27, Performance Bond
- To Revise Section 6, Item 5B, Format
- To Revise Section 6, Item 6.1, Transmittal Letter
- To Revise Section 6, Item 6.3, State Vendor Eligibility Request Form
- To Revise Section 6, Item 6.8, EEO Forms
- To Revise Section 6, Item 6.10, Comparable Experiences
- To Revise Section 6, Item 7, Format of the Cost Proposal
- To Revise Section 8, Proposal Submission Checklist (SEE REVISED LIST BELOW AND IN SECTION 8 OF THE RFP)
- To Revise Attachment B-Cost Proposal Form
- To Revise Attachment G-Reference Form
- To Add Attachment I - Commonwealth's Response to Vendors' 1st Set of Written Questions
- To Post the Commonwealth's Existing Contracts Related to KIH (KIH2, KIH3, KPEN and KyRON) to the following link: <http://finance.ky.gov/services/eprocurement/Pages/default.aspx>.

ADDENDUM 1 (JULY 31, 2014) RFP 758 1500000003-2

- Modification to change the date to post the Commonwealth's Response to Vendors' Written Questions

REVISED-PROPOSAL SUBMISSION CHECKLIST (ALSO SEE SECTION 8)

The vendor **MUST** include the following with the proposal submission.
If the items highlighted below are not submitted with the proposal submission,
the Commonwealth **MUST** deem the proposal non-responsive and
SHALL NOT consider for award.

All other items **MUST** be submitted prior to award.

- ☐ SIGNED AND COMPLETED SOLICITATION) (Section 6, Item 4 of this RFP)
- ☐ LATEST ADDENDUM SIGNED (Section 6, Item 4 of this RFP)
- ☐ *PROPOSED SOLUTION (TECHNICAL UNDER SEALED COVER) AND BY CLOSING DATE (Section 6, Item 5 of this RFP)
- ☐ *PROPOSED SOLUTION (COST UNDER SEALED COVER) AND BY CLOSING DATE (Section 6, Item 5 of this RFP)
- ☐ TRANSMITTAL LETTER (Section 6, Item 6.1 of this RFP)
- ☐ REPORT OF PRIOR VIOLATIONS OF TAX AND EMPLOYMENT TAXES FORM (Section 6, Item 6.2 of this RFP & Attachment C)
- ☐ REVENUE FORM 10A100 KENTUCKY TAX REGISTRATION APPLICATION (Section 6, Item 6.3 of this RFP)
- ☐ CERTIFICATE OF AUTHORITY (REGISTRATION WITH SECRETARY OF STATE BY A FOREIGN ENTITY) (Section 6, Item 6.4 of this RFP)
- ☐ REQUIRED AFFIDAVIT/S (Attachment D)
- ☐ EEO FORMS IF APPLICABLE (Section 4, Item 20 of this RFP)

**The Commonwealth defines SEALED as "a closure that must be broken to be opened and that thus reveals tampering". (Merriam-Webster Dictionary, <http://www.merriam-webster.com/dictionary/seal>)*

REVISED
ATTACHMENT A

COVERSHEET

**Commonwealth of Kentucky
Request for Proposal (RFP)
For
Next Generation Kentucky Information Highway (NG-KIH) Initiative
Finance/Concessionaire Partner
RFP 758 1500000003**

**Release Date: July 11, 2014
Closing Date: ~~August 29, 2014~~ **September 16, 2014**
Written Questions Due: July 24, 2014
Commonwealth's Response to Written Questions: ~~July 31, 2014~~ **August 1, 2014**
2nd Set of Written Questions Due: August 7, 2014 at 12:00PM EST
Commonwealth's Response to 2nd Set of Written Questions: August 13, 2014
~~Bidder's Conference (at the discretion of the Commonwealth): August 4, 2014~~**

**Issued by
The Finance and Administration Cabinet
On Behalf Of
Finance and Administration Cabinet
and
Center for Rural Development**

**Commonwealth Buyer:
Stephanie R. Williams, CPPO, CPPB, MPA
Assistant Director
Finance and Administration Cabinet
Office of Procurement Services (OPS)
Division of Technology Services Procurement
702 Capitol Ave Room 096
Frankfort, KY 40601
Telephone: 502-564-8621
Email: Stephanier.Williams@ky.gov**

TABLE OF CONTENTS

Proposal Submission Checklist

- Section 1 – Introduction and Overview
- Section 2 – Background and Present System Summary
- Section 3 – Commonwealth Office of Technology (COT) Requirements
- Section 4 – Procurement Requirements
- Section 5 – Scope of Work
- Section 6 – Proposal Submission
- Section 7 – Proposal Evaluation
- Section 8 – Proposal Submission Checklist
- Section 9 – Attachments

SECTION 1 – INTRODUCTION AND OVERVIEW

1. Purpose

The purpose of this RFP is to select a long-term vendor/partner to finance, design, construct, operate, maintain, and refresh the statewide NG-KIH middle mile infrastructure (segments and nodes) on behalf of all Commonwealth stakeholders and customers outlined in Section 2 of this RFP. The Commonwealth intends to make milestone payments to the vendor upon completion of predetermined segments identified in Section 5 Scope of Work, Item 7B – High-Level Network Architecture and at substantial completion of the project. The milestone payments from the Commonwealth may include but are not limited to state appropriations, bond proceeds, grants and other sources of public funding related to the project if available.

Potential bidders should be aware that other contractual arrangements and/or modifications to existing agreements may be sought by the Commonwealth, e.g., equity partner RFP, equipment, fiber optic materials, engineering and design.

2. Issuing Office

The Commonwealth of Kentucky, Finance and Administration Cabinet, Office of Procurement Services, is issuing this RFP on behalf of the Commonwealth and the Center for Rural Development. The Finance and Administration Cabinet, Office of Procurement Services, is the only office authorized to change, modify, amend, alter, or clarify the specifications, terms and conditions of this RFP.

3. Access to Solicitation, RFP, and Addenda

The Commonwealth wants each prospective vendor to have full and complete information on which to base a proposal response. Only information presented or referred to in this RFP and any additional written information that is supplied by the Commonwealth Buyer shall be used by vendors in preparing the response.

The solicitation, addenda, and attachments shall be posted to the Kentucky Vendor Self Service site at <http://emars.ky.gov/online/vss/AltSelfService>. It is not necessary to register to access the solicitation. Unregistered vendors can access the solicitations by clicking on public access.

In the event of any conflict or variation between the solicitation or modification as issued by the Commonwealth and the vendor's response, the version as issued shall prevail.

4. RFP Terminology

For the purpose of this RFP, the following terms may be used interchangeably:

- Proposer, Offeror, Contractor, Provider, Vendor, or Concessionaire (Partner)
- Commonwealth Buyer, Buyer, Purchaser, or Contract Officer
- RFP, Solicitation, or Procurement
- Bid, Proposal, or Offer
- Commonwealth of Kentucky, Commonwealth, or State
- CRD (Center for Rural Development)
- Fiscal Year will be defined as the Commonwealth fiscal year: July 1 through June 30
- Biennium will be defined as the Commonwealth biennium: July 1 of each even numbered year through June 30 of the next even numbered year
- Requirements that include the words "Shall", "Will", "Must" indicate a mandatory requirement

5. Restrictions on Communications

The Commonwealth Buyer named on the Cover Sheet of this RFP shall be the sole point of contact throughout the procurement process. All communications, oral and written (regular, express, or electronic mail, or fax), concerning this procurement shall be addressed to the Buyer.

For violation of this provision, the Commonwealth shall reserve the right to disqualify the vendors' proposal response.

6. Written Questions Regarding this RFP

Vendors are encouraged to submit written questions pursuant to Section 1, #9 of this RFP. Written questions shall be submitted to the Commonwealth Buyer via email at stephanier.williams@ky.gov or via fax at 502-564-6013. **Vendor should submit questions on Attachment F-Vendors Question Form.** No questions shall be accepted after the date(s) listed in Section 1, #9 unless the question(s) is considered material to the procurement. The Commonwealth shall respond to salient questions in writing by issuing an Addendum to the Solicitation. The Addendum shall be posted to the Kentucky Vendor Self Service site.

7. Notification of Award of Contract

The procurement process will provide for the evaluation of proposals and selection of the successful proposal in accordance with State law and regulations. KRS Chapter 45A of the Kentucky Model Procurement Code provides the regulatory framework for the procurement of services by State agencies.

All applicable statutes, regulations, policies and requirements shall become a part of an Award as well as the Information Technology requirements.

To view the award of contract(s) and the contractor(s) receiving the award(s) for this solicitation, access the Kentucky Vendor Self Service site at <https://emars.ky.gov/online/vss/AltSelfService>.

Vendors can search for the solicitation title or number in the keyword search field, or can filter their search for only awarded solicitations by clicking on Advanced Search and changing the status to awarded. The award(s) information can be accessed by clicking on the details button of the solicitation and clicking the "Notice of Award" tab. It is the vendor's responsibility to review this information in a timely fashion. No other notification of the results of an Award of Contract will be provided.

8. Protest

Pursuant to KRS 45A.285, any actual or prospective Offeror or Contractor, who is aggrieved in connection with solicitation or selection for award of a contract, may file protest with the Secretary of the Finance and Administration Cabinet.

9. Estimated Schedule of RFP Activities

The following table presents the anticipated schedule for major activities associated with the RFP distribution, proposal submission, proposal evaluation process, and contract award. The Commonwealth reserves the right at its sole discretion to change the Schedule of Activities, including the associated dates and times.

Release of RFP	July 11, 2014
First Round - Vendors' Written Questions due by 12:00 PM EST (SUBMIT QUESTIONS ON ATTACHMENT F-VENDORS QUESTION FORM)	July 24, 2014
Commonwealth's Response to Vendors' Written Questions	July 31, 2014 August 1, 2014
Second Round - Vendors' Written Questions due by 12:00 PM EST (SUBMIT QUESTIONS ON ATTACHMENT F-VENDORS QUESTION FORM)	August 7, 2014
Commonwealth's Response to Second Round of Vendors' Written Questions	August 13, 2014
Bidder's Conference (at the discretion of the Commonwealth)	August 4, 2014
Proposals due by 3:30 PM EST	August 29, 2014 September 16, 2014
Oral Presentations (potential)	
Best and Final Negotiations	

All bidders are cautioned to be aware of security in the Capitol Annex in Frankfort. In-person or courier delivered bids/proposals in response to a Commonwealth Solicitation should be delivered a minimum of thirty (30) minutes to one (1) hour earlier than the published closing time to allow for a security check-in. Delays due to building security checks shall not be justification for acceptance of a late bid or proposal. Vendor attention to this advisory is encouraged.

SECTION 2 – BACKGROUND AND PRESENT SYSTEM SUMMARY

1. NG-KIH Sourcing Strategy

If necessary, the Commonwealth may move forward with the NG-KIH initiative without private sector participation.

2. Background and NG-KIH Business Rationale

The Commonwealth's current networks supporting state government, higher education, K-12 education and local governments have independently evolved over the last 15-20 years. The Commonwealth Office of Technology (COT) is responsible for the current Kentucky Information Highway (KIH) through a contract with AT&T for a managed services multi-protocol label switching (MPLS) network. The current KIH contract also serves The Kentucky Educational Technology System (KETS) network.

The University of Kentucky, on behalf of the postsecondary education community has a contract with Windstream for the Kentucky Postsecondary Education Network (KPEN), also a managed services MPLS network. The University of Kentucky also has a contract for the use of indefeasible right of use (IRU) fiber in a loop connecting Louisville, Cincinnati, Lexington, and Frankfort as part of the Kentucky Regional Optical Network (KyRON). KyRON will connect to Internet2 in Louisville at 100 Gbps and in Cincinnati at 2 x100 Gbps. KPEN and KyRON are peered at 10 Gbps in Louisville and 10 Gbps in Lexington.

Local city and county government entities utilize the current AT&T KIH contract or have negotiated contracts via independent competitive solicitations and awards

A coalition of key stakeholders (outlined in Item 3 NG-KIH Vision and Goals below) support the development of an integrated, statewide dark fiber optical network. This new network will serve the public sector, bridge service gaps (especially in rural areas), provide high-capacity fiber to enable private vendors to better deliver network services, and promote economic development. As high-capacity fiber is deployed, the Commonwealth will be positioned to form additional multi-state collaborations. The Commonwealth's centralized location also positions the state to become a significant national participant in the fiber long haul environment. This network will improve the quality, reliability, usability and access to shared network services, systems and information across the Commonwealth.

The Commonwealth is also working in conjunction with the Center for Rural Development (CRD) and the "S.O.A.R.: Shaping Our Appalachian Region" initiative created by U.S. Congressman Hal Rogers and Governor Beshear. Congressman Rogers and the CRD are focused on providing high-capacity and Internet access to one of Kentucky's most underserved areas, Eastern Kentucky. The Center for Rural Development was created in 1996 through the vision of Congressman Rogers and other leaders to be a state and national model for economic development.

3. NG-KIH Long-Term Vision and Goals

The network is envisioned to be a unique collaboration of the following entities:

- State Government
- Cabinet for Economic Development <http://www.thinkkentucky.com>
- Local Governments: county and city
- Quasi-Governmental organizations: Center for Rural Development (CRD)
- Education: Higher education, community and technical colleges (KCTCS), K-12, KET, libraries and private colleges
- Public Safety: Administrative Office of the Courts, FirstNet (First Responders, Police and Fire), Homeland Security, Commercial Mobile Radio Services Board (911), Kentucky Emergency Warning System (KEWS)
- Health care: hospitals, health departments and not-for-profit clinics
- Local Community Networks: private or public used by community service facilities (libraries, museums, etc.) and citizens
- Federal Government: facilities and organizations

The new network will enable a variety of solutions that include:

- Enhanced disaster recovery and backup capabilities for all stakeholders
- More extensive use of cloud solutions
- High-quality video connections
- Exchange of large data files
- Enhanced collaboration services and applications
- Access to supercomputers and scientific data storage facilities
- Exchange of high-quality medical images and health information records
- Research applications for networking as well as computer science and large datasets and analysis in many areas.
- Virtual learning environments

The NG-KIH goals include:

- Promote economic development by sharing the backbone with the private sector and promoting the backbone in the recruitment of companies to locate in Kentucky and the retention of existing companies through growth.
- Support collaborative opportunities across and among the public and private sectors
- Enhance research, education and public service opportunities
- Increase economies of scale to allow:
 - Elimination of duplicate networking infrastructure projects and associated costs across the public sector
 - An opportunity to combine the buying power of the public sector to increase statewide access to affordable broadband services for government, organizations, businesses, communities and citizens
 - Dark fiber availability to the public sector and to the private sector technology service providers in un-served or underserved rural areas
 - Maximizing shared services opportunities (clinical systems, advanced engineering systems, shared eLearning environments, etc.)

4. Architectural Direction

The NG-KIH architecture shall follow an open access network model whereby the operations of the network and services provided to users by various service providers may be independent of each other. The network shall be modeled to ensure reliability, redundancy, and resiliency. The network will be comprised of multiple node sites. The node sites will be connected by multiple, physically diverse, fiber connections in order to ensure high availability and low latency. The node sites will be strategically located throughout the Commonwealth and serve as aggregation points for last mile connections. NG-KIH may use existing education and government POP sites, thus limiting costs associated with leasing/building the physical space. Last mile connectivity may be achieved through various providers and local and regional fiber networks. Partnerships between local and regional fiber networks providers are encouraged.

A graphical overview of the tentative network segments and nodes is available for review at the following website. This map is for illustrative purposes and should not be construed as the final physical design: [Next Generation Kentucky Information Highway](#)

5. Deployment Vision and Anticipated Benefits

The design and construction of the network shall ensure that sufficient physical fiber capacity (separate strands or separate lambdas on a single strand) will be available to support multiple entities. This feature will decrease concerns over network planning, capacity and control, and the ability of the network to meet the customer's specialized needs. The Commonwealth will retain the use of a sufficient quantity of fiber strands to support current and long term government, education, and economic development needs.

The deployment of the fiber network with the envisioned partnerships will expand opportunities and possibilities by supporting next generation applications within education, government, health care, homeland security, 911 services, emergency response organizations, etc. Other benefits include:

- Improved rural broadband connectivity to economically depressed areas, thereby creating new job opportunities for these communities
- Creation of a "Next Generation 911" network; a digital IP based system with the capacity to receive/transmit voice, text, data and video in 911 communications
- Creation of a public safety and emergency response network (i.e., FirstNet) to link law enforcement, homeland security and first responders
- Consolidation and cost reductions regarding the delivery of network services to Kentucky citizens and constituents
- Expanded use of telemedicine applications by hospitals and healthcare providers
- Increased monitoring capabilities including real-time video monitoring of critical infrastructure such as bridges, roads and power plants
- Reduction in the future expenses of increasing network bandwidth to constituents
- Enhanced online learning opportunities
- Enhanced connectivity for libraries and communities

6. Existing Commonwealth Network Environments and Contracts

The following subsections provide additional background information on the existing Commonwealth wide area networking environments, standards and related contracts that are currently in use across the public sector.

A. State Government Environment and the KIH3 Contract

The following websites provide information on this state resource:

<http://technology.ky.gov/services/Pages/DataCommunicationServices.aspx>

- B. State Government Security Program** Policy has been created to align the Commonwealth's Enterprise Information Security Program with the security framework of the current National Institute of Security Standards (NIST) Special Publication 800-53.
[CIO-091 - Enterprise Information Security Program](#)

C. Center for Rural Development

The following website provides information on this organization and its focus on technology.

<http://centertech.com/technology/>

D. KEWS – Statewide Towers and Emergency Warning Radio System

The following website provides information on this state resource:

<http://technology.ky.gov/kews/Pages/default.aspx>

E. Higher Education Networks

The following websites provide information on this state resource:

<http://kyron.ky.gov/> and <http://www.kpen.org>

F. Council on Postsecondary Education (CPE)

The following website provides information on this state organization:

<http://cpe.ky.gov/>

G. Kentucky Community and Technical Colleges

The following website provides information on this state organization:

<http://www.kctcs.edu/>

H. Association of Independent Kentucky Colleges and Universities

This website provides information about this organization and the institutions that are a part of this association: <http://www.aikcu.org/>

I. First Responders, Public Safety and FirstNet

The following website provides additional information about this program that may be used to partially fund the networking initiative:

<http://www.ntia.doc.gov/page/about-firstnet>

J. Commercial Mobile Radio Services – Emergency Telecommunications Board

The following website provides information on this state program: <http://cmrsboard.ky.gov/>

K. Kentucky Educational TV

The following website provides information on this organization and its focus on technology.

<http://www.ket.org/>

SECTION 3 – COMMONWEALTH TECHNOLOGY REQUIREMENTS

1. Compliance with Commonwealth Security Standards

In addition to the above referenced Enterprise Information Security Program and for purposes of this solicitation the following requirements replace the Commonwealth security standards.

System Vulnerability and Security Assessments

The Commonwealth reserves the right to conduct external non-invasive vulnerability and security assessments of the software and infrastructure used to provide services prior to implementation and periodically thereafter. Upon completion of these assessments, the Commonwealth will communicate any findings to the vendor for action. Any cost relating to the alleviation of the findings will be the responsibility of the vendor. An accredited third party source can be selected by the vendor in which they will acknowledge all cost and provide valid documentation of mitigation strategies in an agreed upon timeframe. These mitigations will be subject to re-evaluation after completion. In cases where direct mitigation cannot be achieved, the vendor shall communicate this and work closely with the Commonwealth to identify acceptable compensating controls that will reduce risk to an acceptable and agreed upon level.

Applicable Security Control Framework Compliance

The vendor must have an awareness and understanding of the NIST Special Publication 800-53 Security Control Framework and employ safeguards that meet or exceed the moderate level controls as defined within the standard. These controls must provide sufficient safeguards to provide reasonable protections around the Commonwealth's data to ensure that the confidentiality, integrity, and availability are maintained at an appropriate level. These include but are not limited to:

- *Access Control*
The vendor must employ policy and process that provide for stringent control to limit physical and logical access to systems that house Commonwealth data to a need to know basis and provide clear separation of duties.
- *Awareness and Training*
The vendor must provide the appropriate role specific training for staff to ensure that there is awareness and understanding of roles and responsibilities as they relate to the protections around the Commonwealth's data.
- *Audit and Accountability*
There must be sufficient auditing capability to ensure that actions are tracked and there is individual accountability for all actions taken by vendor staff.
- *Configuration Management*

The vendor must work within established baselines that provide minimal functionality needed to ensure service delivery without exposing unnecessary risk. The vendor must also employ structured change control processes that provide a level of coordination with the client agreed upon in a Service Level Agreement (SLA).

- *Contingency Planning*

The vendor must employ contingent planning policy and procedures that ensure service delivery based on agreed SLA levels while maintaining all Commonwealth data within the continental United States.

- *Identification and Authorization*

The vendor must employ appropriate identity and access management policies and procedures to ensure that access is appropriately authorized and managed at a level to ensure that access is provisioned and de-provisioned in a timely and efficient manner.

- *Incident Response*

The vendor must employ policy and procedures to ensure that an appropriate response to all identified security incidents are addressed in a timely manner and are reported to the appropriate parties in an agreed upon SLA timeframe. The vendor must also ensure that all staff are sufficiently trained to ensure that they can identify situations that are classified as security incidents.

- *Maintenance*

The vendor must employ policy and procedures that ensure all maintenance activities are conducted only by authorized maintenance staff leveraging only authorized maintenance tools.

- *Media Protection*

The vendor must employ policy and procedure to ensure that sufficient protections exist to protect Commonwealth data on all storage media throughout the media lifecycle and maintain documentation from media creation through destruction.

- *Physical and Environmental Controls*

The vendor must employ physical and environmental policies and procedures that ensure that the service and delivery infrastructure are located in a physically secure and environmentally protected environment to ensure the confidentiality, integrity, and availability of Commonwealth data.

- *Personnel Security*

The vendor must employ policies and procedures to ensure all staff that have access to systems that house, transmit, or process Commonwealth data have been appropriately vetted and have been through a background check at the time of hire and periodically thereafter.

- *System and Communications Protections*

The vendor must employ physical and logical protection that protect system communications and communication media from unauthorized access and to ensure adequate physical protections from damage.

2. **Privacy, Confidentiality and Ownership of Information**

The vendor shall not have ownership of Commonwealth data at any time. The vendor shall be in compliance with privacy policies established by governmental agencies or by state or federal law. Privacy policy statements may be developed and amended from time to time by the Commonwealth and will be appropriately displayed on the Commonwealth portal (Ky.gov). The

vendor ~~shall~~ **should** provide sufficient security to protect the Commonwealth data in network transit, storage, and cache. **All sensitive data, as defined by the enterprise standards, must be encrypted at rest and in-transit.**

3. **Identity Theft Prevention and Reporting Requirements**

In accordance with KRS 42.722 and KRS 61.931 to 61.934, vendors shall ensure the delivery and/or provision of Information Technology hardware, software, systems, and/or services through a contract established as a result of this solicitation, the vendor shall prevent unauthorized access to "Identity Information" (Identity Theft) of Commonwealth citizens, clients, constituents and employees. "Identity Information" includes, but is not limited to, an individual's first name or initial and last name or any two items listed in combination as to singularly identify an individual or entity associated with the data or other information as defined in KRS 61.931.

The vendor shall also immediately notify as soon as it is known, but not to exceed twenty-four (24) hours, the contracting agency, the Office of Procurement Services, the Commonwealth Office of Technology and the NG-KIH Program Office within twenty- four (24) hours of breach or knowledge of breach in addition to breach under investigation or breach not yet confirmed of Commonwealth data containing "Identity Information."

The vendor agrees that the Commonwealth may terminate the contract(s) and/or may withhold payment(s) owed to the vendor for any violation of the Identity Theft Prevention Reporting Requirements. ~~The amount withheld shall be sufficient to pay the cost of notifying Commonwealth customers and corrective actions resulting from unauthorized access or security breaches confirmed to be the result of vendor negligence.~~

4. **License Agreements**

Software provided by the vendor to the Commonwealth should contain a provision for perpetual licensing with all upgrade options. The Commonwealth may decide to maintain the software in escrow; therefore the agreements should also contain a provision for maintaining a version of the software in escrow in the event the vendor is unable to continue the business for financial or other business reasons.

5. **No Surreptitious Code Warranty**

The Contractor represents and warrants that no copy of licensed software provided to the Commonwealth contains or will contain any Self-Help Code or any Unauthorized Code as defined below. This warranty is referred to in this Contract as the "No Surreptitious Code Warranty."

As used in this Contract, "Self-Help Code" means any back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a person other than the licensee of the software. Self-Help Code does not include software routines in a computer program, if any, designed to permit an owner of the computer program (or other person acting by authority of the owner) to obtain access to a licensee's computer system(s) (e.g. remote access via modem) for purposes of maintenance or technical support.

As used in this Contract, "Unauthorized Code" means any virus, Trojan horse, spyware, worm or other software routines or components designed to permit unauthorized access to disable, erase, or otherwise harm software, equipment, or data; or to perform any other such actions. The term Unauthorized Code does not include Self-Help Code.

In addition, Contractor will use up-to-date commercial virus detection software to detect and remove any viruses from any software prior to delivering it to the Commonwealth. Please provide your suggested remedy for any breach of this warranty. This item will be open to negotiations if vendor is awarded this contract.

SECTION 4 – PROCUREMENT REQUIREMENTS

1. Procurement requirements are listed under “**Procurement Laws, Preference, Regulations and Policies**” and “**Response to Solicitation**” located on the eProcurement Web page at <http://eprocurement.ky.gov> and <http://finance.ky.gov/services/eprocurement/Pages/VendorServices.aspx> respectively. The vendor must comply with all applicable statutes, regulations and policies related to this procurement.

2. **Contract Components and Order of Precedence**

The Commonwealth’s acceptance of the Contractor’s offer in response to the Solicitation, indicated by the issuance of a Contract Award by the Office of Procurement Services, shall create a valid Contract between the Parties consisting of the following:

- A. Any written Agreement between the Parties;
- B. Any Addenda to the Solicitation;
- C. The Solicitation and all attachments
- D. Procurement Statutes, Regulations and Policies
- E. Any Best and Final Offer;
- F. Any clarifications concerning the Contractor’s proposal in response to the Solicitation;
- G. The Contractor’s proposal in response to the Solicitation.

In the event of any conflict between or among the provisions contained in the Contract, the order of precedence shall be as enumerated above.

3. **Final Agreement**

The Contract represents the entire agreement between the parties with respect to the subject matter hereof. Prior negotiations, representations, or agreements, either written or oral, between the parties hereto relating to the subject matter hereof shall be of no effect upon this Contract.

4. **Contract Provisions**

If any provision of this Contract (including items incorporated by reference) is declared or found to be illegal, unenforceable, or void, then both the Commonwealth and the Contractor shall be relieved of all obligations arising under such provision. If the remainder of this Contract is capable of performance, it shall not be affected by such declaration or finding and shall be fully performed.

5. Type of Contract

The contract proposed in response to this Solicitation shall be on the basis of a **firm fixed unit price** for the elements listed in this Solicitation. This Solicitation is specifically not intended to solicit proposals for contracts on the basis of cost-plus, open-ended rate schedule, nor any non-fixed price arrangement.

6. Contract Usage

As a result of this RFP, the contractual agreement with the selected vendor will in no way obligate the Commonwealth of Kentucky to purchase any services or equipment under this contract. The Commonwealth agrees, in entering into any contract, to purchase only such services in such quantities as necessary to meet the actual requirements as determined by the Commonwealth.

7. Addition or Deletion of Items or Services

The Office of Procurement Services reserves the right to add new and similar items, by issuing a Contract Modification, to this Contract with the consent of the vendor. Until such time as the vendor receives a Modification, the vendor shall not accept Delivery Orders from any agency referencing such items or services.

8. Changes and Modifications to the Contract

Pursuant to KRS 45A.210 (1) and 200 KAR 5:311, no modification or change of any provision in the Contract shall be made, or construed to have been made, unless such modification is mutually agreed to in writing by the Contractor and the Commonwealth, and incorporated as a written amendment to the Contract and processed through the Office of Procurement Services and approved by the Finance and Administration Cabinet prior to the effective date of such modification or change pursuant to KRS 45A.210(1) and 200 KAR 5:311. Memorandum of understanding, written clarification, and/or correspondence shall not be construed as amendments to the Contract.

If the Contractor finds at any time that existing conditions made modification of the Contract necessary, it shall promptly report such matters to the Commonwealth Buyer for consideration and decision.

9. Changes in Scope

The Commonwealth may, at any time by written order, make changes within the general scope of the Contract. No changes in scope are to be conducted except at the approval of the Commonwealth.

10. Contract Conformance

If the Commonwealth Buyer determines that deliverables due under the Contract are not in conformance with the terms and conditions of the Contract and the mutually agreed-upon project plan, the Buyer may request the Contractor to deliver assurances in the form of additional Contractor resources and to demonstrate that other major schedules will not be affected. The Commonwealth shall determine the quantity and quality of such additional resources and failure to comply may constitute default by the Contractor.

11. Assignment

~~The Contractor shall not assign the Contract in whole or in part or any payment arising there from without the prior written consent of the Commonwealth Buyer. Any purported assignment is void.~~ **The Contract shall not be assigned in whole or in part without the prior written consent of the Commonwealth Buyer.**

12. Payment

The Commonwealth will make payment within thirty (30) working days of receipt of Contractor's invoice or of acceptance of goods and/or services in accordance with KRS 45.453 and KRS 45.454.

Payments are predicated upon successful completion and acceptance of the described work, services, supplies, or commodities, and delivery of the required documentation. Invoices for payment shall be submitted to the Agency Contact Person or his representative.

13. Contractor Cooperation in Related Efforts

The Commonwealth of Kentucky may undertake or award other contracts for additional or related work, services, supplies, or commodities, and the Contractor shall fully cooperate with such other contractors and Commonwealth employees. The Contractor shall not commit or permit any act that will interfere with the performance of work by any other contractor or by Commonwealth employees.

14. Contractor Affiliation

"Affiliate" shall mean a branch, division or subsidiary that is effectively controlled by another party. If any affiliate of the Contractor shall take any action that, if done by the Contractor, would constitute a breach of this agreement, the same shall be deemed a breach by such party with like legal effect.

15. Commonwealth Property

The Contractor shall be responsible for the proper custody and care of any Commonwealth-owned property furnished for Contractor's use in connections with the performance of this Contract. The Contractor shall reimburse the Commonwealth for its loss or damage, normal wear and tear excepted.

16. Confidentiality of Contract Terms

The Contractor and the Commonwealth agree that all information communicated between them before the effective date of the Contract shall be received in strict confidence and shall not be necessarily disclosed by the receiving party, its agents, or employees without prior written consent of the other party. Such material will be kept confidential subject to Commonwealth and Federal public information disclosure laws.

Upon signing of the Contract by all Parties, terms of the Contract become available to the public, pursuant to the provisions of the Kentucky Revised Statutes.

The Contractor shall have an appropriate agreement with its Subcontractors extending these confidentiality requirements to all Subcontractors' employees.

17. Confidential Information

The Contractor shall comply with the provisions of the Privacy Act of 1974 and instruct its employees to use the same degree of care as it uses with its own data to keep confidential information concerning client data, the business of the Commonwealth, its financial affairs, its relations with its citizens and its employees, as well as any other information which may be specifically classified as confidential by the Commonwealth in writing to the Contractor. All Federal and State Regulations and Statutes related to confidentiality shall be applicable to the Contractor. The Contractor shall have an appropriate agreement with its employees, and any subcontractor employees, to that effect, provided however, that the foregoing will not apply to:

- A. Information which the Commonwealth has released in writing from being maintained in confidence;
- B. Information which at the time of disclosure is in the public domain by having been printed and published and available to the public in libraries or other public places where such data is usually collected; or
- C. Information, which, after disclosure, becomes part of the public domain as defined above, through no act of the Contractor.

18. Advertising Award

The Contractor shall not refer to the Award of Contract in commercial advertising in such a manner as to state or imply that the firm or its services are endorsed or preferred by the Commonwealth of Kentucky—**without the expressed written consent of the Agency Technical Contact person listed in this RFP (Section 5, Item 5).**

19. Permits, Licenses, Taxes and Commonwealth Registration

The Contractor shall procure all necessary permits and licenses and abide by all applicable laws, regulations, and ordinances of all Federal, State, and local governments in which work under this Contract is performed.

The Contractor shall maintain certification of authority to conduct business in the Commonwealth of Kentucky during the term of this Contract. Such registration is obtained from the Secretary of State, who will also provide the certification thereof. However, the Contractor need not be registered as a prerequisite for responding to the RFP. Additional local registration or license may be required.

The Contractor shall pay any sales, use, and personal property taxes arising out of this Contract and the transaction contemplated hereby. Any other taxes levied upon this Contract, the transaction, or the equipment or services delivered pursuant hereto shall be borne by the Contractor.

20. EEO Requirements

The Equal Employment Opportunity Act of 1978 applies to All State government projects with an estimated value exceeding \$500,000. The Contractor shall comply with all terms and conditions of the Act.

<http://finance.ky.gov/services/eprocurement/Pages/VendorServices.aspx>.

21. Provisions for Termination of the Contract

Any Contract resulting from this Solicitation shall be subject to the termination provisions set forth in 200 KAR 5:312.

22. Bankruptcy

In the event the vendor becomes the subject debtor in a case pending under the Federal Bankruptcy Code, the Commonwealth's right to terminate this Contract may be subject to the rights of a trustee in bankruptcy to assume or assign this Contract. The trustee shall not have the right to assume or assign this Contract unless the trustee (a) promptly cures all defaults under this Contract; (b) promptly compensates the Commonwealth for the monetary damages incurred as a result of such default, and (c) provides adequate assurance of future performance, as determined by the Commonwealth.

23. Conformance with Commonwealth & Federal Laws/Regulations

This Contract is subject to the laws of the Commonwealth of Kentucky and where applicable Federal law. Any litigation with respect to this Contract shall be brought in state or federal court in **Franklin County, Kentucky in accordance with KRS 45A.245.**

24. Accessibility

All user interfaces to the solution(s) provided shall be warranted by the vendor to comply with Section 508 of the Rehabilitation Act of 1973 (29 U.S.C. 794d) and the World Wide Web Consortium's (W3C) Web Content Accessibility Guidelines (WCAG) 1.0, conformance level Double-A or greater. Additionally, vendor hereby warrants that the products or services to be provided under this Contract comply with the accessibility requirements of Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794d), and its implementing regulations set forth at Title 36, Code of Federal Regulations, part 1194. Vendor further warrants that the products or services to be provided under this Contract comply with existing federal standards established under Section 255 of the Federal Telecommunications Act of 1996 (47 U.S.C. § 255), and its implementing regulations set forth at Title 36, Code of Federal Regulations, part 1193, to the extent the vendor's products or services may be covered by that act. Vendor agrees to promptly respond to and resolve any complaint regarding accessibility of its products or services which is brought to its attention.

25. Access to Records

The contractor, as defined in KRS 45A.030 (9) agrees that the contracting agency, the Finance and Administration Cabinet, the Auditor of Public Accounts, and the Legislative Research Commission, or their duly authorized representatives, shall have access to any books, documents, papers, records, or other evidence, which are directly pertinent to this contract for the purpose of financial audit or program review. Records and other prequalification information confidentially disclosed as part of the bid process shall not be deemed as directly pertinent to the contract and shall be exempt from disclosure as provided in KRS 61.878(1) (c). The contractor also recognizes that any books, documents, papers, records, or other evidence, received during a financial audit or program review shall be subject to the Kentucky Open Records Act, KRS 61.870 to 61.884.

In the event of a dispute between the contractor and the contracting agency, Attorney General, or the Auditor of Public Accounts over documents that are eligible for production and review, the Finance and Administration Cabinet shall review the dispute and issue a determination, in accordance with Secretary's Order 11-004. (See Attachment E).

26. Prohibitions of Certain Conflicts of Interest

In accordance with KRS 45A.340, the contractor represents and warrants, and the Commonwealth relies upon such representation and warranty, that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of its services. The contractor further represents and warrants that in the performance of the contract, no person, including any subcontractor, having any such interest shall be employed.

In accordance with KRS 45A.340 and KRS 11A.040 (4), the contractor agrees that it shall not knowingly allow any official or employee of the Commonwealth who exercises any function or responsibility in the review or approval of the undertaking or carrying out of this contract to voluntarily acquire any ownership interest, direct or indirect, in the contract prior to the completion of the contract.

27. Performance Bond

Pursuant to 200 KAR 5:305, **the Commonwealth is requiring a \$10 million performance bond as security for the faithful performance of the Contract.** ~~the Contractor may be requested to furnish a performance bond satisfactory to the Commonwealth in an amount to be negotiated with the successful vendor as security for the faithful performance of the Contract.~~ The bond furnished by the Contractor shall incorporate by reference the terms of the Contract as fully as though they were set forth verbatim in such bonds. In the event the Contract is amended, the penal sum of the performance bond shall be deemed increased by like amount.

The initial bond shall be submitted to the Commonwealth Buyer within thirty (30) days of execution of this Contract. Any required amendment to the bond shall be submitted to the Commonwealth Buyer within thirty (30) days of said amendment.

28. No Contingent Fees

No person or selling agency shall be employed or retained or given anything of monetary value to solicit or secure this contract, excepting bona fide employees of the Offeror or bona fide established commercial or selling agencies maintained by the Offeror for the purpose of securing business. For breach or violation of this provision, the Commonwealth shall have the right to reject the proposal or cancel the contract without liability.

29. Vendor Response and Proprietary Information

After a Contract is awarded in whole or in part, the Commonwealth shall have the right to duplicate, use, or disclose all proposal data submitted by vendors in response to this RFP as a matter of public record in accordance with the Kentucky Open Records Act, KRS 61.870 et sequitur.

SECTION 5 – SCOPE OF WORK

1. **Agencies to Be Served**

This contract shall be for use by all Agencies of the Commonwealth as defined in 45A.605 and the Center for Rural Development.

2. **Extending the Contract Use to Other Agencies**

The Finance Cabinet reserves the right, with the consent of the vendor, to offer the Master Agreement resulting from this Solicitation to other state agencies and stakeholders as outlined in Section 2.

3. **Term of Contract and Renewal Options**

The initial term of the Contract shall be for a period of twenty **(20) years** from the effective date of the Award of Contract.

This Contract may be renewed at the completion of the initial Contract period for **two (2) additional five (5) year** periods upon the mutual agreement of the Parties. Such mutual agreement shall take the form of a Contract Modification as described in Section 4 of this RFP.

The Commonwealth reserves the right to “buy out” the resources of the vendor and choose another agent to operate NG-KIH with internal resources.

At the end of the contract the vendor shall provide all agency data in a form that can be converted to any subsequent system of the agency’s choice. The vendor shall cooperate to this end with the vendor of the agency’s choice, in a timely and efficient manner.

The Commonwealth reserves the right not to exercise any or all renewal options. The Commonwealth reserves the right to extend the contract for a period less than the length of the above-referenced renewal period if such an extension is determined by the Commonwealth Buyer to be in the best interest of the Commonwealth.

The Commonwealth reserves the right to renegotiate any terms and/or conditions as may be necessary to meet requirements for the extended period. In the event proposed revisions cannot be agreed upon, either party shall have the right to withdraw without prejudice from either exercising the option or continuing the contract in an extended period.

4. **Basis of Price Revisions**

PRICE ADJUSTMENTS: Unless otherwise specified, the prices established by the Contract resulting from this Solicitation shall remain firm for the contract period subject to the following:

A: Price Increases: A price increase shall not occur during the first twelve (12) months of the contract. A vendor may request a price increase after twelve (12) months of the contract, which may be granted or denied by the Commonwealth. Any such price increase shall be based on industry wide price changes. The Contract holder must request in writing a price increase at least thirty (30) days prior to the effective date, and shall provide firm proof that the price increase(s) is justified. The Office of Procurement

Services may request additional information or justification. If the price increase is denied, the Contract holder may withdraw from the Contract without prejudice upon written notice and approval by the Office of Procurement Services. Provided, however, that the vendor must continue service, at the Contract prices, until a new Contract can be established (usually within sixty (60) days).

B: Price Decreases: The Contract price shall be reduced to reflect any industry wide price decreases. The Contract holder is required to furnish the Office of Procurement Services with notice of any price decreases as soon as such decreases are available.

C: Extended Contract Periods: If the Contract provides for an optional renewal period, a price adjustment may be granted at the time the Contract is renewed, subject to price increase justification as required in Paragraph A "Price Increases" as stated above.

5. Notices

After the Award of Contract, all programmatic communications with regard to day-to-day performance under the contract are to be made to the Agency technical contact(s) identified below.

Mike Hayden, Director
Finance and Administration Cabinet
Room 456
Capitol Annex
Frankfort, KY 40601

After the Award of Contract, all communications of a contractual or legal nature are to be made to the Commonwealth Buyer. The Commonwealth reserves the right to change the technical contact throughout the life cycle of any contract awarded as a result of this RFP.

6. Subcontractors

The Contractor is permitted to make subcontract(s) with any other party for furnishing any of the work or services herein. The Contractor shall be solely responsible for performance of the entire Contract whether or not subcontractors are used. The Commonwealth shall not be involved in the relationship between the prime contractor and the subcontractor. Any issues that arise as a result of this relationship shall be resolved by the prime contractor. All references to the Contractor shall be construed to encompass both the Contractor and any subcontractors of the Contractor.

7. Business Requirements

A. Financing and Concessionaire Partner Requirements

The vendor shall share in the costs for the NG-KIH middle mile infrastructure based on the Commonwealth's contribution to the required equity. These costs include but are not limited to design, engineering, construction, operations, maintenance and insurance for the Network. The Commonwealth may purchase and provide the materials (fiber), and related components to support the construction of network segments that are not leased from a third party. The

Commonwealth will work with the vendor to establish mutually agreeable standards for all materials and equipment including Commonwealth purchased and owned Dense Wave Division Multiplexing (DWDM), Ethernet, and IP Routing equipment. The Commonwealth may also provide the node locations and related facilities to house network termination points and equipment that will be strategically located across the state to support the statewide deployment of NG-KIH and aggregate backbone connectivity from Last Mile infrastructure service providers. The vendor shall agree that the Commonwealth will retain ownership of all NG-KIH assets.

B. High-Level Network Architecture

The Next Generation Kentucky Information Highway shall be a dedicated state wide network, consisting of dedicated fiber and equipment to provide a single DWDM / Ethernet Transport / IP Routing solution to be used by the stakeholders of NG-KIH. DWDM / Ethernet Transport services will be used to connect Backbone and Spur Nodes across the state. All Backbone Nodes will be connected via geographically diverse and redundant fiber paths to a minimum of two other Backbone Nodes. Any necessary amplification sites should be capable of becoming full Add / Drop sites if needed in the future. IP Routing services will be provided at key Regional Routing Nodes. These Regional Routing Nodes will have the ability to peer with Internet Service Providers and Last Mile Providers and be able to segment different Stakeholder networks. The NG-KIH diagram located at the following link depicts tentative locations for these Regional Routing Nodes.

[NG KIH Optical Layer V2.](#)

The NG-KIH backbone Infrastructure will be driven by two philosophies: The ability to provide "Any Service, Any Where" and the ability to "Grow as We Go". The network must be able to provide "Any Service, Any Where" across the infrastructure and will include traditional point to point DWDM wavelength services, as well as a Carrier Grade Ethernet Transport Service. These services must be available at any Add / Drop node along the network. Any Spur Node must be able to become an Add / Drop node in the future. It is a necessity that the network is built to support the immediate needs of the stakeholders, but also must be able to "Grow as We Go" to expand to offer additional services, as well as bandwidth increases, as the needs of the stakeholders change.

Definition of Terms

- **Backbone Node:** Backbone nodes are defined as sites that have a minimum of 2 geographically diverse fiber connections to other nodes in the network. These sites will be used as aggregation points for last mile connections. A tentative representation of the initial backbone nodes is in the NG KIH Optical Layer V2 diagram. However, additional backbone nodes may be added as specific fiber paths are determined.
- **Spur Node:** A spur node is a site that only has a single fiber connection back to a backbone node. These could be located at a Community Anchor Institution, and may be used as a Point-of-Presence (PoP) to deliver the same services that are available at a backbone node. Spur nodes would be added in the future as dark fiber becomes available in localized areas.

- **Backbone Segments:** Backbone segments are dedicated dark fiber connections between backbone nodes.
- **Spur Segments:** Spur segments are dedicated, dark fiber connections between a spur node and a backbone node. These segments could be provided by the concessionaire or by vendors.
- **Last Mile Partners:** Last mile partners will be used to provide connections from the NG-KIH backbone to some stakeholder sites. These partners will form peering connections at a backbone site.
- **Regional Routing Node:** A regional routing node will be a backbone node where IP routing devices will be placed to handle IP needs for public sector NG-KIH stakeholders. Ethernet transport or DWDM services across the backbone network will be used to logically connect stakeholder sites to regional routing nodes across the state.
- **Community Anchor Institutions:** Community Anchor Institutions are fiber connected stakeholder sites. These sites will include, but are not limited to, educational (Post-Secondary and K-12) sites and other governmental locations.
- **Open Access Network Model:** The open access network model that will govern this network is such that the operations of the network and the services provided to users by various service providers may be independent of each other. Under this model, there shall be no restrictions placed upon the use of the fiber or the network.

The vendor shall use the high-level architectural graphics located at the website below as the foundational architecture for NG-KIH and to prepare all deliverables outlined in Section 6 – Proposal Submission. This list could be expanded as fiber segment paths are determined.

[NG KIH Optical Layer V2.](#)

C. Stakeholder Synopsis, Financials and Potential Long-Term Service Demand

The Commonwealth has outlined potential long-term demand for NG-KIH connectivity services and other related statistical information in the documents located at the following website. This information should be used in the preparation of the responses to the technical and cost proposals outlined in Section 6 of this RFP and includes all institutions outlined in spreadsheet link, [Endpoints Work Sheet 070814](#)

The website below provides information to assist the vendor in gaining understanding of the current locations for the bulk of the Commonwealth's customers. This map is presented in an interactive GIS format allowing the vendor to obtain individual site detail. Instructions are provided in Attachment H- GIS Instructions.

<http://ftp.ky.gov>

To access the system use the username and password below:
Username: kyngkih

Password: N3xtG#nRfP

NOTICE: The Commonwealth's site information has been geocoded by an outside vendor. As such, the Commonwealth makes no assurance or guarantees as to the accuracy or reliability of the information developed by the geo site vendor. The information is provided as a convenience to assist in bid preparation, however, the bidder should exercise their own due diligence to verify the accuracy of information for bid submittal.

D. NG-KIH Organization and Governance Structure

The Commonwealth may implement a new government organization, including leadership of CRD to manage NG-KIH related contracts and internal business arrangements required to deploy and operate NG-KIH. This new organization and all related vendors/contracts will be governed by Commonwealth statutes/regulations. The vendor shall agree that they will abide by the direction and oversight provided by the new NG-KIH organization and the governance entity/entities.

E. Security and Control Requirements

The vendor's solution shall conform to State and Federal statutes and guidelines relating to confidentiality and shall be secure from entry by unauthorized users. It shall also be compatible with the established Commonwealth security processes, including overall system access, violation reports, audit trails, and system logs.

F. Marketing and Customer Outreach Requirements

The vendor may be required to partner with the Commonwealth to provide marketing, business development and customer outreach activities throughout the life of any contract resulting from this RFP. The Commonwealth will assist the vendor in obtaining commitments for network connectivity and services from potential NG-KIH stakeholder groups and the various customers outlined in Section 2.

G. Private Sector Utilization Requirements

The NG-KIH shall follow an open access network model whereby the operations of the network and services provided to users by various service providers may be independent of each other. The network shall also be architected, configured and operated to provide a segmented environment for use of the infrastructure by various public and private sector entities. The details of this usage will be finalized during contract negotiations and refined over the life cycle of the contract.

H. Federal Discount Programs

The vendor shall support Universal Service Fund (E-Rate), the Healthcare Funding discount program and any other discount program offered by the federal government throughout the life cycle of any contract awarded as a result of this RFP.

I. Security Audit Requirement

Annually, the vendor shall conduct a comprehensive security audit for NG-KIH. The Commonwealth shall review and must approve the comprehensiveness of the proposed third-party security audit. The third party audit results shall be reported to the

Commonwealth NG-KIH contract manager and governance entity within sixty (60) days of completion of each audit. In addition, the vendor will conduct a disaster recovery exercise at a frequency to be determined.

J. Biennial Strategic Plan Requirements

On a biennial basis, the vendor shall work with the Commonwealth to prepare and/or update a strategic plan for NG-KIH. At a minimum, this plan shall report on the deployment and customer utilization progress, establish goals for future years and provide details on NG-KIH financials. In addition and at a minimum, the vendor shall institute an on-going metrics program with routine quarterly reporting of network reliability and customer satisfaction levels.

K. Status Reporting Requirements

The vendor shall develop and transmit weekly status reports to the NG-KIH Executive Director. The report format and content shall be finalized during the project initiation phase.

L. Vendor Turn-Over Plan Requirement

At the conclusion of this contract, or at the end of any contract period should the Commonwealth not elect to renew, it will be necessary for the vendor to turn over all operation and support of NG-KIH to Commonwealth staff (or the Commonwealth's agent). A turn-over would also be necessary in the event that the vendor was cited for non-performance under the terms of the contract resulting from this RFP. It is essential that both vendor and Commonwealth staff are prepared to transition the operation and support of the network to the Commonwealth at any time. Accordingly, prior to production use of any facilities resulting from this contract, the vendor shall develop and provide a Hosting Turn-Over Plan, to be approved by the Commonwealth. This plan shall be updated annually for the duration of the contract. This plan shall describe, in detail, the process the vendor will use to turn over all operations and support to Commonwealth staff. The Turn-Over Plan shall:

1. Include documentation as to how the software and hardware should be configured in order to successfully operate the network.
2. Specify staff resources the vendor is willing to commit to ensure a successful turn over.
3. Estimate the Commonwealth staffing requirements to support the system, i.e. skill levels, FTE's etc.

At the end of the turn-over (or transition) period, all Commonwealth records, including working papers and operational documentation, shall be delivered immediately to and shall become property of the Commonwealth.

8. Project Implementation Requirements and Timeframes

A. Project Phases and Tasks

The vendor shall propose a solution that provides for the construction, implementation and operation of all segments and nodes depicted in Section 5 Scope of Work, Item 7B High Level Architecture by **April 1, 2016**. The Project Implementation Plan deliverable prescribed

in Section 6 – Proposal Submission should also reflect this same target date for implementation. Particular focus should be given to Eastern Kentucky’s infrastructure.

B. Segment Roll-Out and Implementation

The Commonwealth reserves the right to dictate the priority/order of network segment roll-out throughout the life cycle of any contract awarded as a result of this RFP.

C. Technology Refresh

The vendor shall include the refresh of technology on a mutually agreeable schedule over the full term of the contract.

D. Vendor Staffing Requirements

The vendor shall provide a staffing complement sufficient to plan, deploy and operate NG-KIH per the terms and conditions prescribed by any contract that may result from this RFP. At a minimum, the initial staffing complement shall include a project manager, engineering support (including environmental and outside plant) , technical lead, and marketing resource. The key project staff shall be located in Frankfort to allow the close collaboration and coordination with the NG-KIH Program Management Office.

E. Commonwealth Staffing and Responsibilities

The NG-KIH Program Management Office will serve as the primary contact for NG-KIH and will pair Commonwealth resources with the minimum vendor resources outlined in the previous section. The Commonwealth will assist in the coordination and facilitation of work between the vendor and the various stakeholder groups outlined in Section 2.

9. Regional Network Connectivity and District Node Requirements

A. Area Development Districts and District Connectivity Requirements

At least one node location in each Area Development District in the Commonwealth will serve as the point of aggregation for all government stakeholders/customer sites and private sector sites. More information about the area development districts and the counties that make up these districts are located at the following website:

<http://www.kaedonline.org/Resources/AreaDevelopment.aspx>

B. Node Locations and Site Aggregation Requirements

The vendor shall be responsible for reimbursing the Commonwealth and higher education entities for the space rental, power and all related costs for each node location across the state. The Commonwealth will act as a broker for this rental arrangement and will attempt to minimize the diversity of arrangements and pricing for this statewide requirement. The vendor shall also configure each node to accommodate connections from both the public and private sector last mile infrastructure service providers (municipal networks, cable providers, etc.). The concessionaire vendor shall facilitate the regional connection of third party providers to a district node.

C. Node Access Security and Utilization Requirements

The vendor shall secure access to all NG-KIH nodes and signal regeneration facilities. The vendor shall also develop and distribute a node access and security policy/procedure. All vendor personnel will abide by these procedures.

10. Middle Mile Infrastructure Architecture and Technical Requirements

A. Compliance with Regulations and Requirements – Commonwealth Standards

The vendor shall comply with Commonwealth standards and regulations. Transportation related regulations and standards are housed at the following website:

<http://transportation.ky.gov/Permits/Documents/2013-PermitsManual.pdf>

B. Range of Network Speed Requirements and Customer Offerings

At a minimum, the NG-KIH infrastructure shall be architected and operated statewide to provide NG-KIH customers with circuit speed availability for 100Mbps, 250Mbps, 1Gbps, 10Gbps and 100Gbps.

The service shall also provide for peering points with multiple Tier 1 Internet service providers and local providers at locations to be determined. The peering requirements are:

- Direct dark fiber connectivity
Dark Fiber will be used where available to reach a Community Anchor Institution (CAI). Where a CAI can be connected directly via fiber, there must be the ability to extend the Ethernet transport to that site, so it can become an aggregation site for connecting other CAI in the future.
- Aggregated Ethernet Peering
Connect to a local provider to deliver layer 2 services via an Ethernet / 802.1Q tagged interface. Layer 3 peering will be done by extending an Ethernet transport from the backbone node to a regional routing Node.

C. Option To Lease Versus Construct – Each Segment

For evaluation purpose, the vendor must provide a construction cost price (assuming the Commonwealth's intent to own the fiber) and an IRU/lease cost for each segment using the cost form found in Attachment B.

For the leased segments, the Commonwealth requires a minimum of twenty-four (24) strands of fiber. At contract negotiations, the Commonwealth may elect to prescribe the method of deployment to the vendor for certain network segments based on internal financial or leadership needs. The Commonwealth is also open to negotiations and contract modifications that will allow the vendor to use existing Commonwealth dark fiber leases.

D. Required Fiber and Fiber Components Specifications – Segment Construction

The fiber specifications are as follows:

- Geographically diverse paths between backbone nodes
- Must provide fiber characterization for each segment
- ITU-T G.652.D compliant or better fiber

- Construction methods compliant with industry standards
- Splice loss less than 0.05 dB for 95% or more of the fibers in a cable at each splice point
- Ribbon or loose tube cables
- Termination on panels at hub facilities
- Hub environment where open access service providers can locate equipment and connect directly to fiber
- Non-hub access to fiber can be obtained at splice enclosures or by mid-sheath splice
- Open access providers can arrange with concessionaire to obtain access to dark fiber at vault, cabinet, or enclosure adjacent to fiber cable
- Minimum of 288 count fiber on segments designated by Commonwealth for additional capacity, minimum of 144 count fiber on other backbone segments, minimum of 48 count fiber for spur segments
- A revenue sharing model shall be established for the leasing / selling of any IRU fiber that is deployed as part of this project. The winner of this proposal shall not install any additional fiber along these paths that are not included in this revenue sharing model
- All underground fiber must be in conduit
- 4 hour service warranty agreement for service interruption related to a problem directly related with the transmission of data across the dark fiber circuits

E. DWDM and Ethernet Transport Requirements

The hardware equipment used to build NG-KIH must be able to support the following DWDM, Ethernet transport:

- 40 Channel minimum ROADM technology
- Coherent optical technology
- Multi-Degree ROADM capability
- Support colorless and directionless technology
- Should include optical time-domain reflectometer (OTDR) type functionality
- DWDM optics must be fully tunable
- Provide ability to add/drop to any other ROADM based node
- Must support 10Gbps and 100 Gbps channels with a demonstrated road map for 400Gbps channels
- At a minimum, one 100 Gbps channel will be dedicated across the backbone to create an Ethernet transport cloud. This Ethernet cloud must be able to deliver Ethernet services connectivity to any other node in the network
- One 100 Gbps channel will be dedicated across the backbone to create multiple point-to-point connections between regional routing nodes. These sites are listed in the link and are marked on the high level diagram
- One 100 Gbps channel in diverse paths from Lexington to Cincinnati to be used for 2 x 100Gb IP peering connections to Internet 2
- Must be designed to support "Any to Any" service, so that additional amplification will not be needed when additional wavelengths are activated in the future
- Must support a wide range of protocols for point to point connections, including Ethernet and storage protocols, as well as encryption
- Must support multiple services, including but not limited to:
 - 100 Gbps line and client services

- 10 Gbps line and client services
- 10 x 10 Gbps cards
- Protected and unprotected end-to-end wavelength service
- All devices must have redundant processor, power supply, fan and other carrier class redundant features to provide maximum up-time and resiliency
- All Backbone Nodes MUST be able to deliver Layer 2 services to stakeholders upon initial installation.
- Vendor should indicate the technology suggested to provide Layer 2 Services. (MPLS-TP, PBB, SPB, G.8032, etc)
- Ethernet Transport Requirements must include:
 - VLAN and Port Based
 - Point-to-Point Configurations
 - Point to Multi-point Configurations
 - Multi-point to Multi-point (Any to Any) Configurations
- Ability to prioritize traffic
- Standard copper or fiber Ethernet interface / hand off
- Ability to add spur nodes and segments as the network grows
- Convergence time less than 50 ms during failover
- Ability to connect to peering partners to provide last mile connectivity to sites
- Description of the vendor's equipment to provide redundant connections to peering partners without the use of Spanning Tree.
- Standards-compliant fault and performance monitoring accessible to the Commonwealth.
- Standards-compliant provisioning and management system, with access by the Commonwealth to add, change and delete services and capacity up to the physical limit of the optics.

F. IP Routing Requirements

- Ability to provide multi-homed commodity Internet access connectivity
- IPv4 and IPv6 capable
- Support multicast
- Utilize BGPv4 to peer with Internet and last mile providers.
- Capable of private peering relationships with stakeholder partners
- Ability to support Multiple Virtual Route Forwarding Instances (IP VPN) for segmenting customer traffic
- Be able to provide 100Gbps peering to Internet2 in Louisville and at 2x100Gbps in Cincinnati for Post Secondary Education use
- Take advantage of economies of scale to provide Internet bandwidth to state government and educational institutions.

G. Segment Upgrades and NG-KIH Fiber Expansion/Construction

Through the flexible pricing structure that will be developed as a result of this RFP, the vendor shall provide engineering, planning, construction and maintenance services to deploy additional fiber optic segments (constructed and leased) as the NG-KIH matures and expands. Once a new segment is deployed, the vendor shall integrate the new

segment into the existing network and provide on-going operation support services. The service levels for each new segment shall be agreed upon at the time of segment deployment.

H. Rights of Way, Conduit, Pole Attachments and Regulatory Requirements

The Commonwealth and the NG-KIH program manager will coordinate with points of contact within state and local government organizations and other third parties to expedite access and to clarify/mediate compliance issues throughout the life cycle of any contract awarded as a result of this RFP. Access to rights of way, easements, conduit access, pole attachments and regulatory compliance shall be the responsibility of the vendor.

I. Signal Regeneration Requirements

The vendor shall configure and operate NG-KIH with a minimum of .22 dB loss per kilometer. If signal regeneration facilities are required to meet this standard, the facilities and equipment to comply with this provision shall be the responsibility of the vendor.

J. Fiber Allotment and Allocation Requirements

The vendor shall make provisions in the architecture and configuration of the equipment to allow for multiple logical network segments for use by Commonwealth stakeholder groups. At a minimum, the segmentation shall allow for logical segments for the Public and Private sector stakeholder environments.

K. Business Continuity and Network Redundancy Requirements

The network must provide continuity and redundancy for disaster/emergency situations with the objective of having no single point of failure in the infrastructure backbone.

11. Shared Services Infrastructure Requirements

The Commonwealth may elect to consolidate the numerous Internet connections currently in operation today to fewer high-capacity connections that will serve all NG-KIH customers. There shall be no additional cost to the Commonwealth for the assistance and support to facilitate this and other similar consolidation efforts.

12. Operations Support and Service Level Requirements

A. Operations Support and Standards of Promptness Requirements

NG-KIH shall be constructed and operated in a manner that is available to all NG-KIH customers 24x7x365 and all shared services are deployed in a redundant manner so that connectivity and the services provided (Internet access, etc.) are continuously available to all NG-KIH customers.

B. Vendor Change Management Responsibilities

A change management process will be developed by the NG-KIH governance group. Once the initial deployment and configuration of the NG-KIH is complete, the vendor shall follow the change management procedures that will be updated to cover the NG-KIH environment. This policy will describe the responsibilities, policies, and procedures to be followed when making changes or recording events to NG-KIH infrastructure.

C. Vendor Network Monitoring and Reporting Requirements

The vendor shall monitor the operation and performance of the network 24x7x365 and shall ensure compliance at all times with the technical specifications outlined above and that the network connectivity speeds provisioned for each NG-KIH customer location (building, campus, etc.) is maintained at all times. The frequency and method for reporting these network service levels to the Commonwealth shall be finalized in the NG-KIH Service Level Agreement (SLA) prior to contract signing.

D. Outages and Break/Fix Response Requirements

The vendor shall own or have on-going business arrangements in place with emergency repair providers throughout the life cycle of this contract to ensure the timely repair of all NG-KIH emergency outages.

SECTION 6 – PROPOSAL SUBMISSION

1. Disposition of Proposals

All proposals become the property of the Commonwealth of Kentucky. The successful proposal shall be incorporated into the resulting contract by reference. Disposal of unsuccessful proposals shall be at the discretion of the Commonwealth Buyer.

2. Rules for Withdrawal of Proposals

Prior to the date specified for receipt of offers, a submitted proposal may be withdrawn by submitting a signed written request for its withdrawal to the Commonwealth Buyer.

3. Commonwealth's Right to Use Proposal Ideas

The Commonwealth of Kentucky shall have the right to use all system ideas, or adaptations of those ideas, contained in any proposals received in response to the RFP. Selection or rejection of the proposal will not affect this right.

4. SUBMISSION

Each qualified Offeror shall submit only **one (1) proposal**. **Alternate proposals shall not be allowed**. Failure to submit as specified shall result in a non-responsive proposal.

The vendor should complete the "**Vendor**" box on the face of the Solicitation. An authorized representative of the vendor **shall sign** where indicated on the face of the Solicitation. If the solicitation is not signed the proposal shall be deemed non-responsive.

It is the vendor's responsibility to check the web site for any modifications to this Solicitation. If modifications have been made, the vendor's signature is required on the latest addendum. Failure to acknowledge the latest addendum of this Solicitation shall cause the bid to be deemed non-responsive if the latest addendum is material to the procurement. Acknowledgment shall be received prior to the hour and date specified for receipt of offers. Verbal acknowledgment shall not be accepted.

5. Format

- A. Proposals shall be submitted in **two (2) parts**: the **Technical Proposal** and the **Cost Proposal**.
1. The **Technical Proposal** should include one (1) marked original, ten (10) copies, and eleven (11) CDs (in Microsoft Word, Excel or PDF).
 2. The **Cost Proposal** should include (1) marked original, five (5) copies, and six (6) CDs (in Microsoft Word, Excel or PDF)
- B. *Proposals shall be sealed and submitted to the Commonwealth Buyer by the RFP Closing Date (both are identified on the Cover Page of this RFP). ANY PROPOSAL RECEIVED AFTER THE CLOSING DATE SHALL BE REJECTED AND RETURNED UNOPENED TO THE VENDOR.

****The Commonwealth defines SEALED as “a closure that must be broken to be opened and that thus reveals tampering”. (Merriam-Webster Dictionary, <http://www.merriam-webster.com/dictionary/seal>)***

Should differences be determined to exist between the hardcopy proposal and the electronic version, the hardcopy shall prevail. **Pricing shall only be provided in the Cost Proposal. DO NOT SUBMIT ANY PRICING INFORMATION IN THE TECHNICAL PROPOSAL.**

The outside cover of the package containing the Technical Proposal should be marked:

**NG-KIH Concessionaire
RFP 758 1500000003
TECHNICAL PROPOSAL
Name of Offeror**

The outside cover of the package containing the Cost Proposal should be marked:

**NG-KIH Concessionaire
RFP 758 1500000003
COST PROPOSAL
Name of Offeror**

All submitted Technical and Cost Proposals shall remain valid for a minimum of six (6) months after the proposal due date.

6. TECHNICAL PROPOSAL CONTENT

1. Transmittal Letter

The transmittal letter should be on the vendor's letterhead, notarized and signed by an agent authorized to bind the vendor. The transmittal letter should include the following:

- A statement that **deviations** are included, if applicable;
(Any deviations from the provisions of the Solicitation must be specifically identified by the vendor in its proposal, which if successful, shall become part of the Contract. Such deviations shall not be in conflict with the basic nature of Technical and Cost requirements of this Solicitation. Deviations must be outline in the Transmittal Letter. The Commonwealth reserves the right to reject any and/or all deviations in whole or in part. Proposals that take exception/deviations to procurement requirements may be deemed non-responsive.) **Proposed deviations must be outlined in the Transmittal Letter.**
- A sworn statement that, if awarded a contract as a result of this Solicitation, the vendor shall comply in full with all requirements of the **Kentucky Civil Rights Act**, and shall submit all data required by KRS 45.560 to 45.640;
- A sworn statement pursuant to KRS 11A.040 that the vendor has not knowingly violated any provisions of the **Executive Branch Code of Ethics**;
- A sworn statement of that the vendor is in compliance with Prohibitions of Certain **Conflicts of Interest**;
- A statement of certification in accordance with In accordance with Federal Acquisition Regulation 52.209-5, Certification Regarding **Debarment, Suspension, and Proposed Debarment** that to the best of its knowledge and belief, the vendor and/or its Principals is (are) not presently debarred, suspended, proposed for debarment, or declared ineligible for the award of contracts by any State or Federal agency.
- The name, address, telephone number, fax number, and email address of the **contact person** for this RFP. The address shall be one in which the major overnight delivery services will deliver; and
- The name, address, telephone number, fax number and email address of the **contact person** to serve as a point of contact for day-to-day operations.
- **Subcontractor** information to include name of company, address, telephone number and contact name, if applicable

2. Disclosure of Violation of Statutes

Pursuant to KRS 45A.485, contractors are required to reveal final determinations of violation of certain statutes incurred within the last five (5) years and be in continuous compliance with those statutes during the contract. Where applicable, the vendor is required to complete and submit Report of Prior Violations of Tax and Employment Laws (See Attachment C) of this RFP.

3. ~~State Vendor Eligibility Request Form~~ **Kentucky Tax Registration Application** Revenue Form 10A100, "State Vendor Eligibility Request Form" **Kentucky Tax Registration Application** effective July 2008, is a form to be completed by any person or entity wishing to contract with the Commonwealth to provide goods or services subject to sales and use tax pursuant to KRS 139.200. The form is located at this web-link as Attachment 5:

<http://finance.ky.gov/services/eprocurement/Pages/VendorServices.aspx>

In accordance with administrative regulation 200 KAR 5:390, this form has to be completed and submitted, before a contract can be awarded. Section 2 of the regulation also notes: "Failure to submit the required documentation or to remain registered and in compliance with the sales and use tax filing and remittance requirements of KRS 139.540 and KRS 139.550 throughout the duration of the contract shall constitute a material breach of the contract and the contract may be terminated."

4. Registration with the Secretary of State by a Foreign Entity

Pursuant to KRS 45A.480(1)(b), an agency, department, office, or political subdivision of the Commonwealth of Kentucky shall not award a state contract to a person that is a foreign entity required by [KRS 14A.9-010](#) to obtain a certificate of authority to transact business in the Commonwealth ("certificate") from the Secretary of State under [KRS 14A.9-030](#), **therefore, foreign entities should submit a copy of their certificate with their solicitation response.** If the foreign entity is not required to obtain a certificate as provided in [KRS 14A.9-010](#), the foreign entity should identify the applicable exception in its solicitation response. Foreign entity is defined within [KRS 14A.1-070](#).

Businesses can register with the Secretary of State at <https://secure.kentucky.gov/sos/ftbr/welcome.aspx>.

5. Required Affidavits (see Attachments)

6. Completed and signed face of solicitation (See Section 6 (#4) of this RFP)

7. Signed face of latest addendum of the solicitation (See Section 6 (#4) of this RFP)

8. EEO Forms if applicable (See Section 4 (~~#22~~ 20) of this RFP)

9. Vendor Background and Project Resources

The vendor should provide a history of its firm, number of years in business and a description of the infrastructure deployment and service offerings. Details of the proposed project implementation team for Kentucky and vendor service offerings should also be included:

- Team organization chart
- Project manager resume
- Key team members and structure including business development manager, environmental and outside plant engineers
- Performance and Quality Assurance processes and measures

The vendor should also include the resumes of the top three proposed vendor team members. These include the Project Manager, Technical Lead, and Functional Lead. The Proposer should also include the plan for ensuring they have adequate staff on hand to meet the requirements of NG-KIH.

10. **Comparable Experiences**

The vendor should include three (3) references. The vendor should provide information on each reference using Attachment G.. All references should be from comparable large-scale fiber optic networking projects similar to the scope and complexity of the Commonwealth's requirements. ~~Vendor references that do not meet the type/size specified in this section shall receive a score of zero (0) for that particular reference.~~

The Commonwealth, not the vendor, shall attempt to contact references for a maximum of **five (5) business days**; however, it is the vendor's responsibility to ensure that a reference is aware of and anticipates being contacted by the Commonwealth. If a reference is unable to be reached or is not available within the designated timeframe, that reference will not be considered. If it is determined as the result of a reference check that a reference is not qualified in accordance with the requirements of this RFP, the reference will not be considered.

11. **Financial Viability - Finance Partner and Concessionaire**

The vendor should provide financial statements for vendor, Equity Members of Vendor and Financially Responsible Party (in each case, if a consortium, partnership or any other form of a joint venture, all such members) for the five (5) most recent completed fiscal years must be provided to demonstrate financial capability of vendor team. If the entity has been in existence for less than five (5) fiscal years, vendor should expressly state that such entity has been in existence for less than five (5) fiscal years and shall provide financial statements for the number of fiscal years it has been in existence.

Financial statement information must be consolidated where required by Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS) and must include:

- Auditor's Report
- Balance Sheet
- Income Statement or Statement of Comprehensive Income
- Statement of Changes in Cash Flow
- Statement of Changes in Equity
- Footnotes to financial statements.

In addition, financial statements must meet the following requirements:

- GAAP/IFRS: Financial statements must be prepared in accordance with U.S. GAAP or IFRS. If financial statements are prepared in accordance with principles other than U.S. GAAP or IFRS, a letter must be provided from a certified public accountant discussing the areas of the financial statements that would be affected by a conversion to U.S. GAAP or IFRS. A restatement of the financial information in accordance with U.S. GAAP or IFRS is not required.
- Audited: Financial statements must be audited by an independent party qualified to render audit opinions (e.g. a Certified Public Accountant in the US or Chartered Accountant for foreign entities). If audited financials are not available for an

entity, the statement of qualifications shall include unaudited financial statements for such entity, certified as true, correct and accurate by the chief executive, chief financial officer or treasurer (or equivalent position or role) of the entity.

- Financially Responsible Party Letter of Support: If financial statements of a parent company or affiliate company (a “Financially Responsible Party”) are provided to demonstrate financial capability of vendor or Equity Members of vendor, an appropriate letter from the applicable Financially Responsible Party must be provided confirming that it will financially support all the obligations of vendor or Equity Member of vendor, as applicable with respect to the Project. This letter must be signed by the chief executive, chief financial officer, treasurer (or equivalent position or role) of the Financially Responsible Party.

Vendors shall note that The Commonwealth may, in its discretion based upon the review of the information provided, or vendor’s form of organization, specify that an acceptable financially responsible party or a parent or affiliate guaranty is required as a condition precedent prior to qualification or award of the Agreement.

For purposes of, (i) “parent company” means parent companies at any tier and (ii) “affiliate company” means (A) subsidiary companies at any tier, (B) entities under common ownership, (C) joint ventures and partnerships involving such entities (but only as to activities of joint ventures and partnerships involving vendor or any Equity Member as a joint venture or partner and not to activities of other joint ventures or partners not involving vendor or any Equity Member), and other financially liable or responsible parties for the entity.

- Newly Formed Entity: If vendor, an Equity Member of Vendor or Financially Responsible Party is a newly formed entity and does not have independent and historical financial statements, financial statements for the equity owners/members shall be provided (and the entity shall expressly state that the entity is a newly formed entity and does not have independent and historical financial statements). In the event of a newly formed entity, the Commonwealth may, in its discretion, specify that an acceptable Financially Responsible Party or a parent or affiliate guaranty is required as a condition precedent prior to qualification or award of the Agreement.
- SEC Filings: If any entity for which financial information is submitted hereby files reports with the Securities and Exchange Commission, then such financial statements shall be provided through a copy of their most recent annual report on Form 10K. For all subsequent quarters, provide a copy of any report filed on Form 10Q or Form 8-K which has been filed since the latest filed 10K.
- Confidentiality: Vendor shall identify any information which it believes is entitled to confidentiality by placing the word “confidential” on each page.

- Credit Ratings: Vendor shall provide a list identifying (i) each entity for which financial statements are provided, (ii) a statement indicating whether each entity has a credit rating, (iii) and, if so, providing a copy of its current credit rating.

MATERIAL CHANGES IN FINANCIAL CONDITION

Provide information regarding any material changes in financial condition for vendor, each Equity Member and each Financially Responsible Party (if any of the foregoing are a consortium, partnership or any other form of a joint venture, for all such members) for (i) the past five (5) years; (ii) the period from the most recent balance sheet to the date of the Statements of Qualifications, and (iii) for changes anticipated for the next reporting period. Information pertaining to pending material changes may be marked confidential if required by law. The vendor shall update its response for any material changes in financial condition subsequent to submitting its Statement of Qualifications.

If no material change has occurred and none is pending, each of these entities shall provide a letter from their respective chief executive officer, chief financial officer or treasurer (or equivalent position or role) so certifying.

In instances where a material change has occurred, or is anticipated, the affected entity shall provide a statement describing each material change in detail, actual and anticipated association changes or disruptions in executive management, the likelihood that the developments will continue during the period of performance of the Project development, and the projected full extent, nature and impact, positive and negative, of the changes experienced and anticipated to be experienced in the periods ahead. Include discussion of how the change is anticipated to affect the organizational and financial capacity, ability and resolve of vendor, each Equity Member, each Financially Responsible Party, as applicable, to remain engaged in this procurement and submit a responsive Proposal.

Estimates of the impact on revenues, expenses, assets, liabilities and the change in equity will be provided separately for each material change as certified by the chief financial officer or treasurer (or equivalent position or role).

References to the notes in the financial statements are not sufficient to address the requirement to discuss the impact of material changes.

Where a material change will have a negative financial impact, the affected entity shall also provide a discussion of measures that would be undertaken to insulate the Project from any recent material changes, and those currently in progress or reasonably anticipated in the future.

Set forth below is a representative list of events intended to provide examples of what is considered a material change in financial condition. This list is intended to be indicative only. At the discretion of The Commonwealth, any failure to disclose

a prior or pending material change may result in disqualification from further participation in the selection process.

List of Representative Material Changes

- An event of default or bankruptcy involving the affected entity, or the parent corporation of the affected entity;
- A change in tangible net worth of 10% of shareholder equity;
- A sale, merger or acquisition exceeding 10% of the value of shareholder equity prior to the sale, merger or acquisition which in any way involves the affected entity or parent corporation of the affected entity;
- A change in credit rating for the affected entity or parent corporation of the affected entity;
- Inability to meet material conditions of loan or debt covenants by the affected entity or parent corporation of the affected entity which has required or will require a waiver or modification of agreed financial ratios, coverage factors or other loan stipulations, or additional credit support from shareholders or other third parties;
- In the current and five (5) most recent completed fiscal years, the affected entity or the parent corporation of the affected entity either: (i) incurs a net operating loss; (ii) sustains charges exceeding 5% of the then shareholder equity due to claims, changes in accounting policies direct charges to equity, write-offs or business restructuring; or (iii) implements a restructuring/reduction in labor force exceeding 200 positions or involves the disposition of assets exceeding 10% of the then shareholder equity;
- Contingent liabilities disclosed in the notes to financial statements;
- Other events known to the affected entity which represents a material change in financial condition over the past five (5) years, or may be pending for the next reporting period.

Off-Balance Sheet Liabilities

A letter from the chief financial officer or treasurer (or, if neither of these positions exist for an entity, an individual who serves in an equivalent capacity and whose title shall be specified in the certification) of the entity or the certified public accountant for each entity for which financial information is submitted, identifying all off-balance sheet liabilities in excess of \$5,000,000 in the aggregate.

Insurance

The Contractor shall provide information to document the various types of insurance currently in force.

Table of Insurance Coverage

Type	Carrier	Amount of Coverage
------	---------	--------------------

In the event any carrier of such insurance exercises cancellation, notice of such cancellation shall be made immediately to the Commonwealth Buyer.

12. **Network Financing and Sustainability Plan**

The **Network Financing and Sustainability Plan** should describe in detail the proposed innovative financing option/s to allow the deployment and operations of the entire NG-KIH middle mile infrastructure as soon as possible. The vendor should also describe the proposed approach and strategy to allow NG-KIH to generate sufficient revenue or implement cost avoidance measures during the roll-out phase and through maturity to make it financially self sustaining.

The vendor should also submit a letter from the Equity Member's CFO or Chief Investment Officer (or, if neither of these positions exist for an entity, an individual who serves in an equivalent capacity and whose title shall be specified in the certification) indicating the extent to which the Equity Member has the funds to meet the development costs and equity investment needed for the Project. The letter shall also identify the origin of such funds and the internal process to be followed in order to secure their commitment. Additionally, the letter shall indicate whether any foreseeable conditions, including but not limited to other investment opportunities pursued by the Equity Member, or its affiliates, may impact its ability to make the relevant equity investment. A preliminary plan of finance, identifying the potential sources of financing for the project, as well as the benefits and potential challenges with each one of them should also be provided as a part of the response to the vendor deliverable.

13. **Middle Mile Architectural Plan**

The vendor should submit a **Middle Mile Architectural Plan** using the high-level descriptions and graphics provided in Sections 2- Background and Present System Summary and 5- Scope of Work as a basis for the plan. This plan should demonstrate the vendor's approach, ability and experience in assisting the Commonwealth with the detailed technical architecture needed to construct and operate NG-KIH backbone nodes and fiber segments. The plan should also outline the proposed method of fiber deployment and rationale (lease versus construct) for each network segment.

14. **Node and Equipment Plan**

The vendor should submit a **Node and Equipment Plan** using the information provided in Sections 2- Background and Present System Summary and 5- Scope of Work. This plan should demonstrate the vendor's approach, ability and experience in assisting the Commonwealth with the detailed technical specifications for the required DWDM, Ethernet transport, and IP Routing equipment, node facilities (huts, security, power, equipment racks, etc.), software environment and network monitoring tools needed to support the diverse stakeholder groups profiled in Section 2. The vendor should also recommend the brand of equipment for use in the NG-KIH environment that will be managed by the concessionaire.

15. **Shared Services Plan**
The vendor should submit a **Shared Services Plan** using the information provided in Sections 2- Background and Present System Summary and 5- Scope of Work. This plan will demonstrate the vendor's approach, ability and experience to assist the Commonwealth in our efforts to reduce duplication/costs of basic infrastructure facilities and services needed by all NG-KIH customers – Internet access, alternate data center services, etc.
16. **Project Implementation Plan**
The vendor should submit a detailed **Project Implementation Plan** outlining the phases/tasks involved in constructing, configuring and implementing the network and services specified above. The plan should ensure that the terms and conditions specified in Section 5 – Scope of Work shall be met with the full implementation of the plan. The Commonwealth reserves the right to revise the Implementation Plan during contract negotiations.
17. **Network and Business Continuity Plan**
The vendor should describe their **Network and Business Continuity Plan** for NG-KIH and redundancy, operations and break/fix measures and resources that will be implemented to ensure 24 x 7 x 365 operations of NG-KIH.
18. **Network Security Plan**
The vendor should also submit a **Network Security Plan**. The plan should describe the vendor's approach, ability and experience in securing the physical and software environments that will make up the core of the NG-KIH environment.
19. **Operation Support Plan – Statewide Network**
The proposed plan should describe the vendor's approach, ability and experience in deploying the proper resources, skills and training required to effectively operate and support NG-KIH over the long-term life of the contract. The plan should also outline the role that technical staff from each stakeholder environment will play (if any) in the operation of the network.
20. **Service Level Assurances and Draft Service Level Agreement**
The vendor should provide a **Service Level Management Plan** with help desk escalation recommendations. The vendor should also provide a sample **Service Level Agreement (SLA)** outlining requirements and conditions (network performance, standards of promptness, reliability, help desk response times, etc.) to which it shall be held during the life of the contract.
21. **Value Added Services**
The vendor should recommend innovative practices, business strategies and **value-added services**, within the scope of this RFP that will be offered by the vendor to enable the Commonwealth to be successful in this effort. Examples might include creative marketing of the network and extensive use of regionally based Kentucky

businesses in many aspects of this initiative. This is an opportunity for the vendor to provide suggestions to distinguish themselves from other competing vendors.

DO NOT INCLUDE ANY COST IN THE TECHNICAL RESPONSE

7. Format of the Cost Proposal

The Commonwealth of Kentucky is Tax Exempt. Do not include Federal Excise Tax, Kentucky Sales or Use Tax in proposed costs.

Costs for developing the proposals are solely the responsibility of the Offeror. The Commonwealth of Kentucky shall not provide any reimbursements for such costs.

A proposal shall not be considered for award if the price in the proposal was not arrived at independently without collusion, consultation, communication, or agreement as to any matter relating to such prices with any other Offeror or with any competitor. In addition, the Offeror is prohibited from making multiple proposals in a different form.

Should conflict of interest be detected any time during the contract, the contract shall be null and void and the Contractor shall assume all costs of this project until such time that a new Contractor is selected.

Vendor should complete the following certified statement and submit it with Cost Proposal.

I, _____, representing _____
(print name) (Company name)

certify that the price in this proposal was arrived without any conflict of interest, as described above.

Signature / Date

The vendor should provide its costs for the proposed solution/system on Attachment B, Cost Proposal Form. **PLEASE PROVIDE AN ITEMIZED LIST OF THE PROPOSED COST ON A SEPARATE SHEET OF PAPER. ALL COSTS SHOULD BE INCLUSIVE OF MARKETING AND OTHER COSTS RELATED TO THE PROPOSED PRICING.**

SECTION 7 –PROPOSAL EVALUATION

The Commonwealth shall conduct a comprehensive, fair, and impartial evaluation of all proposals. The Commonwealth may reject any proposal that is incomplete or in which there are significant inconsistencies or inaccuracies. The Commonwealth reserves the right to reject all proposals.

The Commonwealth has established a Proposal Evaluation Committee to review, evaluate and verify information submitted by the Offeror.

Each vendor is responsible for submitting all relevant, factual and correct information with their offer to enable the evaluator(s) to afford each vendor the maximum score based on the available data submitted by the vendor.

The Commonwealth shall evaluate the proposals by assigning scores as indicated below.

Technical Proposal Evaluation	
Criteria	Points Possible
Viability	600
Services & Architecture	600
Business Plan	600
Value Add	700
Total Points Possible	2500

Cost Proposal Evaluation	
Criteria	Points Possible
Proposed Cost of Solution	2000
Total Points Possible	2000

*The scoring of cost is subject to **Reciprocal preference for Kentucky resident bidders and Preferences for a Qualified Bidder or the Department of Corrections, Division of Prison Industries (KAR 200 5:410).***

Oral Demonstration/Presentation Proposal Evaluation	
Criteria	Points Possible
Demonstration/Presentation, if required	500
Total Points Possible	500

The Commonwealth reserves the right to require Oral Presentations/Demonstrations to verify or expand on the Technical or Cost Proposals. This is the opportunity for the vendor to present and demonstrate the solution and to answer questions or to clarify the understanding of the evaluation committee in accordance with the requirements of this RFP. The Commonwealth reserves the right to reject any or all proposals in whole or in part based on the Presentations/Demonstrations.

If required, the top three (3) highest ranking vendors will be invited. Scheduling will be at the discretion of the Commonwealth. The Commonwealth reserves the right to not require oral presentations/demonstrations if they do not affect the final rankings.

PROPOSAL EVALUATION TOTAL POSSIBLE POINTS

Without Oral Demonstrations/Presentations	4500
With Oral Demonstrations/Presentations	5000

REVISED SECTION 8 –PROPOSAL SUBMISSION CHECKLIST

The vendor **MUST** include the following with the proposal submission.
If the items highlighted below are not submitted with the proposal submission,
the Commonwealth **MUST** deem the proposal non-responsive and
SHALL NOT consider for award.

All other items **MUST** be submitted prior to award.

- ☐ SIGNED AND COMPLETED SOLICITATION) (Section 6, Item 4 of this RFP)
- ☐ LATEST ADDENDUM SIGNED (Section 6, Item 4 of this RFP)
- ☐ *PROPOSED SOLUTION (TECHNICAL UNDER SEALED COVER) AND BY CLOSING DATE (Section 6, Item 5 of this RFP)
- ☐ *PROPOSED SOLUTION (COST UNDER SEALED COVER) AND BY CLOSING DATE (Section 6, Item 5 of this RFP)
- ☐ TRANSMITTAL LETTER (Section 6, Item 6.1 of this RFP)
- ☐ REPORT OF PRIOR VIOLATIONS OF TAX AND EMPLOYMENT TAXES FORM (Section 6, Item 6.2 of this RFP & Attachment C)
- ☐ REVENUE FORM 10A100 KENTUCKY TAX REGISTRATION APPLICATION (Section 6, Item 6.3 of this RFP)
- ☐ CERTIFICATE OF AUTHORITY (REGISTRATION WITH SECRETARY OF STATE BY A FOREIGN ENTITY) (Section 6, Item 6.4 of this RFP)
- ☐ REQUIRED AFFIDAVIT/S (Attachment D)
- ☐ EEO FORMS IF APPLICABLE (Section 4, Item 20 of this RFP)

**The Commonwealth defines SEALED as “a closure that must be broken to be opened and that thus reveals tampering”. (Merriam-Webster Dictionary, <http://www.merriam-webster.com/dictionary/seal>)*

SECTION 8 –PROPOSAL SUBMISSION CHECKLIST

- ☐ ~~TRANSMITTAL LETTER~~
- ☐ ~~REPORT OF PRIOR VIOLATIONS OF TAX AND EMPLOYMENT TAXES FORM~~
- ☐ ~~REVENUE FORM 10A100 “STATE VENDOR ELIGIBILITY REQUEST FORM~~
- ☐ ~~CERTIFICATE OF AUTHORITY (REGISTRATION WITH SECRETARY OF STATE BY A FOREIGN ENTITY)~~
- ☐ ~~REQUIRED AFFIDAVIT(S)~~
- ☐ ~~SIGNED AND COMPLETED SOLICITATION~~
- ☐ ~~LATEST ADDENDUM SIGNED~~
- ☐ ~~EEO FORMS IF APPLICABLE~~
- ☐ ~~PROPOSED SOLUTION (TECHNICAL UNDER SEALED COVER)~~
- ☐ ~~PROPOSED SOLUTION (COST UNDER SEPARATE SEALED COVER)~~

SECTION 9 –ATTACHMENTS

Attachments indicated below may be downloaded by accessing the “Attachment” link found on the Solicitation Details View page where this RFP was downloaded. Once the Attachment link is accessed, select the file name you wish to download, and select the “Download Attachment” hyperlink. For assistance with downloading these attachments please contact the Commonwealth Buyer.

ATTACHMENT A – This RFP Document (REVISED 8-1-14)

ATTACHMENT B – Cost Proposal Form (REVISED 8-1-14)

ATTACHMENT C – Report of Prior Violations of Tax and Employment Laws

ATTACHMENT D – Affidavits

ATTACHMENT E – Secretary's Order 11-004

ATTACHMENT F – Vendors' Question Form

ATTACHMENT G – Reference Form (REVISED 8-1-14)

ATTACHMENT H - GIS Instructions

ATTACHMENT I –Commonwealth’s Response to Vendors 1st Set of Written Questions (8-1-14)

ATTACHMENT J–Commonwealth’s Response to Vendors 2nd Set of Written Questions (8-13-14)

ATTACHMENT K –Segment A to Z Addresses

APPENDICES 1-36 – Prevailing Wage Schedule

The Commonwealth’s existing Contracts related to KIH (KIH2, KIH3, KPEN and KyRON) are posted to the following link: <http://finance.ky.gov/services/eprocurement/Pages/default.aspx>.